existing customer relationships will provide GTECC with potential anchor customers in these new markets, potentially justifying the substantial investments necessary to provide local service.

11. Brand awareness is a necessary component when entering new markets. The RBOCs have strong regional brands and the major long distance companies have powerful national brands. As a result, any company seeking to compete broadly against SBC, Bell South, Ameritech, and US West must have a strong brand to counteract the RBOCs' regional strength; likewise, a strong brand is necessary to compete against national long distance brands like AT&T, MCI and Sprint. Currently, however, Bell Atlantic's brand has little weight outside of the Northeast and GTE's brand has little weight outside of its wireline and wireless territories. Nor does either company have the plans or the resources required to create a national brand on its own. This is indicated by comparing GTE's advertising budget with AT&T's, which is many times bigger. The merger will give the new company the resources necessary to create a national brand, and the new company's scale will allow it to benefit from the advertising efficiencies created by higher volume and national advertising buys.

12. The new company's larger scale will also allow it to fund the necessary platform and facilities investments required to compete in new out-of-franchise CLEC markets. As already mentioned, GTECC's experience has demonstrated that some facilities-based services are necessary to succeed out-of-franchise. Because the merged company will benefit from a larger pool of resources and cost efficiencies stemming from the combination, it can accelerate GTECC's transition from resale to a facilities-based service. Moreover, the merger will allow Bell Atlantic to compete out-of-franchise by piggybacking on GTE's efforts; Bell Atlantic will,

for example, avoid the cost of developing a new platform, performing market research, establishing required sales channels, and creating bundles of products.

13. The merger will also facilitate GTECC's ability to compete out-of-franchise by expanding the company's wireless footprint beyond that already served by GTE. By combining GTE and Bell Atlantic's wireless footprints, the merger will allow the new company to market a full bundle of services more cost effectively in a wider number of new markets. In addition, this out-of-franchise expansion will be facilitated by the new company's ability to use wireless switches to provide facilities-based local service. For example, GTE is currently testing the use of its own wireless switch in San Francisco to provide local wireline service in SBC territory. If successful, this approach can be expanded into cities where the new company has a wireless presence. Thus, by combining GTE's footprint with the broader wireless umbrella provided by Bell Atlantic, the merger further facilitates out-of-franchise expansion.

14. Based on all of these decisive advantages the new company would enjoy, GTE's Chairman, Charles R. Lee, recently testified to Congress that GTE/Bell Atlantic would enter at least 21 out-of-franchise markets -- in SBC's region (Los Angeles, San Francisco, San Diego, Dallas, Houston, Austin, and San Antonio), Ameritech's region (Chicago, Cleveland, Cincinnati, Indianapolis, and Detroit), BellSouth's region (Miami, Orlando, Jacksonville, Raleigh, Nashville, Memphis, and Louisville), and US West's region (Seattle, Portland) -- within 18 months of closing. Neither company alone could hope to launch a serious and sustained entry into this many markets in so short a time.

15. The merger will achieve these substantial pro-competitive benefits without risking any injury to competition. Bell Atlantic is not currently a competitor of any consequence in GTE's own Virginia and Pennsylvania franchises -- the only two states in which both companies have in-franchise customers. GTECC's plan for 1999 contemplates expanding into 10 states, none of which are in Bell Atlantic territory. And while GTECC has consummated interconnection agreements in Virginia and Pennsylvania, these agreements were only cloned from the agreements of other CLECs. Recognizing that our Pennsylvania and Virginia franchises are widely disbursed and too remote from major markets, GTECC plans to serve only a small number of strategic accounts in these states -- and for these accounts only to offer private line and frame relay services, not local telephone service. Likewise, GTE South, an incumbent local exchange carrier, has had a small fiber ring in Virginia since the late 1980s that it uses to provide access for AT&T and MCI to GTE South customers in areas of Virginia where AT&T and MCI do not maintain interexchange carrier points of presence by connecting those customers to the nearest AT&T and MCI points of presence in Bell Atlantic's territory. GTE South does not use this ring to provide competitive local telephone service or local access to Bell Atlantic customers, and this access service does not represent any part of GTECC's present or future CLEC plans. The merger will therefore not have any deleterious impact on present or future competition in the market for local service. On the contrary, GTE's merger with Bell Atlantic will dramatically enhance the combined company's ability to attack the RBOCs and provide a bundle of new services -- including local -- to new markets across the United States.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Jeffrey C. Kissell

Declaration of Debra Covey

Before the
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of	)	
GTE CORPORATION,	)	
Transferor,	)	File No.
and	)	
Bell Atlantic Corporation,	)	
Transferee.	)	
For Consent to Tranfer of Control	)	

DECLARATION OF DEBRA R. COVEY

1. I am the Vice President of Market Solutions for GTE Communications Corporation ("GTECC"). GTECC offers a broad range of telecommunications, data, and Internet services -- including long distance service on a resale basis -- to consumer and business customers. I am responsible for overseeing new product development, platform and administrative back-office operations, contract management and negotiation, vendor selection, and I also represent GTECC as the liaison to our national network design team. I therefore have a principal role in the design and implementation of GTECC's plans to provide facilities-based long distance service. I make this Declaration in support of GTE and Bell Atlantic's statement that their merger will serve the public interest.

2. GTECC currently offers long distance service almost exclusively on a resale basis. We are, however, in the process of building a new network that GTE plans to use to provide Internet backbone service and advanced data services. The network -- dubbed the "Global Network Infrastructure" or "GNI" -- can also be equipped to supply facilities-based long distance service. But because GTE does not have customer awareness in the great majority of areas where GTE does not operate as an incumbent local exchange carrier -- particularly the Northeast -- GTE alone does not have the critical mass of long distance traffic necessary to support the full deployment of a national voice network. GTE's merger with Bell Atlantic will address this problem, giving GTE access to Bell Atlantic's concentrated business and consumer customers in the Northeast, and an opportunity to carry traffic originating and terminating with those customers in the Northeast and beyond. The merger will therefore give the combined company the scale and traffic volume necessary to support a national long distance network, allowing it to compete against AT&T, Sprint, and MCI, and bring greater competition and lower prices to a highly concentrated market.

3. GTECC currently purchases its long distance capacity, as well as back office and billing support, from WorldCom. Shifting to facilities-based service will, however, allow GTECC to reduce its costs by roughly one-fifth of a cent per minute. These savings stem primarily from reduced transport costs and could grow as large as two-fifths of a cent per minute if larger volumes of traffic were migrated to the GNI -- a huge savings when aggregated over all of the long distance minutes GTECC currently purchases from WorldCom.

4. Even with these substantial savings, GTE alone cannot justify the capital expense of placing toll switches in areas where brand recognition is low. In these areas GTE cannot develop a large enough concentration of customers to justify the capital expense of network

deployment. GTECC installed a toll switch in Los Angeles in July of this year and will use that switch primarily to provide intrastate service in California. Outside of California, GTE has only enough customer traffic to support the placement of additional toll switches in Florida, Texas, and possibly one in the Midwest and Northwest. These five toll switches -- the largest number that GTE could support on its own -- will not provide the coverage necessary for GTECC to offer facilities-based long distance service nationally.

5. GTE's merger with Bell Atlantic will not only facilitate the creation of just such a national network, it will justify the new company's installing the necessary toll switches far more quickly than GTE would accomplish on its own. The merger will allow the new company to grow both originating and terminating traffic from Bell Atlantic's densely populated service areas to the GNI. Moreover, the merger will allow the new firm to develop relationships with the large business affiliates of Bell Atlantic customers that reside outside of GTE's and Bell Atlantic's respective franchise territories. This infusion of customer traffic will give GTE the scale and volume necessary to support a national long distance network, reducing unit costs and thereby reducing the price business and consumer customers could pay for long distance service. Likewise, by allowing the new company to recover its investment in long distance facilities more quickly, the merger will spur a faster build-out of GTE's long distance network and will more rapidly bring competition to a highly concentrated market.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Debra R Covey

Debra R. Covey

Declaration of John Curran

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
GTE CORPORATION,	)	
Transferor,	)	File No.
and	)	
Bell Atlantic Corporation,	)	
Transferee.	)	
For Consent to Tranfer of Control	)	

DECLARATION OF JOHN T. CURRAN

1. I am the Chief Technical Officer for GTE Internetworking, formerly BBN. BBN was an early leader in the Internet's development and the provision of Internet services. Currently, GTE Internetworking provides a host of Internet-related services -- including dedicated and dial-up Internet connectivity to business and consumer customers, and Web hosting and security services -- and operates a national Internet backbone network. I have been closely involved in the Internet's development since its commercialization and am personally familiar with both the commercial and technical aspects of the Internet business. I make this Declaration in support of GTE and Bell Atlantic's statement that their merger will serve the public interest.

2. GTE's merger with Bell Atlantic will create substantial pro-competitive benefits in the markets for Internet and advanced data services. By affording GTE access to Bell Atlantic's concentrated Northeast customer base, the merger will allow GTE to introduce a host of new Internet services, and a broader range of advanced data services, to customers across the United States. GTE's introduction of these new services will spur other competitors to do the same, resulting in lower prices and a broader range of options for both business and consumer customers. Currently, GTEI is a distant fourth-placed competitor in the national market for Internet backbone service behind three much larger backbone providers -- WorldCom, Cable & Wireless (as successor to the spun-off internetMCI), and Sprint. AT&T is also a growing force in the Internet backbone market. Internet backbone providers are firms that provide ubiquitous connectivity to the Internet through a full set of peering relationships with other national backbone providers. The merger with Bell Atlantic will allow GTEI to expand its backbone customer base using Bell Atlantic's extensive marketing and distribution networks in the Northeast. This, in turn, will help GTEI remain competitive in the Internet backbone market and will assure that consumers continue to have a broad range of choices among backbone providers. These gains will all be achieved without risking any injury to competition; currently, Bell Atlantic operates only as a local Internet Service Provider in a highly competitive market that has between 4,000 and 6,000 other participants.

3. GTE's merger with Bell Atlantic will allow the combined company to offer a broad range of new Internet services. GTE's current footprint for local telephone service -- the customers to which GTE can market using its own distribution channels -- is spread out

across the United States and primarily comprises rural and suburban areas. This customer base is not sufficiently concentrated to support the rapid introduction of many new Internet services that require substantial up-front investments in equipment and facilities, because it does not afford GTE marketing opportunities broad enough to recoup its expenditures or the minimum customer density required to justify the capital investment. Lacking established customer relationships and marketing and distribution channels outside of its footprint -- and the corresponding ability to recover fixed costs quickly and to begin rapidly to operate at an efficient scale in out-of-franchise markets -- GTEI suffers a distinct disadvantage when attempting to roll out new services that require large up-front investments. For example, GTEI currently has no major Web hosting center in New York, despite the fact that many of the largest potential hosting customers have offices in that city. Because GTE has limited marketing or distribution capabilities in New York, GTEI has little prospect of recovering the substantial fixed investment necessary to bring a major hosting center to that market.

4. The merger will fill this gap in GTEI's marketing and distribution channels, allowing the new company post-merger to provide a host of new services -- many of which GTE has already developed or begun to develop. For example:

- **Cyber-ID** is a service that allows customers to direct the flow of incoming calls when using their phone-line to connect to a dial-up ISP. When a call comes in, a dialog box appears on the user's screen that gives him the option of routing the call to voice-mail, diverting the call to a second line, giving the caller a busy signal, or patching the call through using a voice-over-IP connection. GTE cannot currently deploy this service outside of a few markets because the necessary equipment investment cannot be recovered by marketing Cyber-ID to GTE's widely distributed customer base. This investment could be recouped readily, however, if GTE could market this service to Bell Atlantic's customers in the Northeast.

- **Site Patrol** is a security service that allows business customers to protect their Internet connections from hackers. GTE currently provides this service only to large businesses because it requires installing a $30,000 piece of equipment on the customer's premises. The same service could be provided far more broadly (and less expensively per customer) by utilizing sophisticated firewall capabilities available in certain commercial servers. But, again, the costs associated with deploying the service using these firewall capabilities cannot be justified unless Site Patrol can be marketed to a concentrated base of business customers, such as Bell Atlantic's.

- **Universal Messaging** is a service that allows customers to have voice, fax, and e-mail messages all sent to a single computer-accessible mailbox. Again, the capital expenditures needed to provide this service cannot be recovered unless it is marketed to a large, concentrated customer set.

5. The day GTE's merger with Bell Atlantic is consummated, these new services, along with a host of others, could be brought to market in the Northeast and in markets nationwide where subsidiaries or affiliates of Bell Atlantic's large business customers have offices. GTE's entry into these new lines of business would be a tremendous spur to competition because other Internet backbone providers, to keep their offerings competitive, would also have to provide these services. The end result will be more choices and lower prices for consumers.

6. Likewise, GTE's merger with Bell Atlantic will allow it to bring advanced data services -- like Frame Relay and ATM -- to many more cities both inside and outside the Northeast. GTE is in the process of building a national network, called the "Global Network Infrastructure," or "GNI." This network, which GTE plans to use to provide advanced data services, will have touch-down points only in those cities where GTE has the prospect of serving

enough customers to recoup its investment in a point of presence. Given GTE's weak marketing and distribution channels in the Northeast, GTE on its own will not be able to provide data services to many large geographic markets like Providence, Philadelphia, and Baltimore. By affording GTE access to Bell Atlantic's marketing and distribution channels, the merger will allow GTE to bring advanced data services to many new Northeast locales -- and to locations outside of the Northeast that exchange significant amounts of traffic with Bell Atlantic customers. Currently, these services are provided on a nationwide basis only by the big three interexchange carriers. GTE's merger with Bell Atlantic will therefore inject much needed competition into a highly concentrated market.

7. The merger will also assure that the market for Internet backbone service does not fall prey to dominance by a single mega-backbone. The Internet is a competitive network of networks. At its core, the Internet's operation depends upon the cooperative interchange of traffic among numerous interconnected national backbone networks. Thanks to the work done by the Commission, the Department of Justice, and the European Commission in connection with the WorldCom-MCI merger, none of the leading backbones can currently operate successfully without maintaining quality interconnection with all of the other leading national backbones. Because of the explosive growth in traffic across the Internet, all Internet backbone providers today have a keen incentive to cooperate through bilateral peering arrangements to continually upgrade the capacity of interconnection. But if any one network were to become substantially larger than all of its competitors, such as through a large acquisition (as would have happened had MCI not been required to divest its Internet business

before merging with WorldCom), that network could lose the incentive to upgrade its interconnections with other backbones. Such a change in incentives would threaten the healthy competitive process that exists today on the Internet.

8. GTE's merger with Bell Atlantic will help assure that no one Internet backbone provider gains such an anticompetitive position. GTEI is currently the fourth largest Internet backbone provider, and is significantly smaller than its three larger competitors -- UUNet, internetMCI/Cable & Wireless, and Sprint. By affording GTEI access to Bell Atlantic's customer-base, as well as Bell Atlantic's well-developed marketing and distribution capabilities, the merger will allow GTEI to compete more effectively in the Northeast's rich business and consumer markets. This, in turn, will increase the number of valuable Web sites and customers on GTEI's backbone network, which will help maintain the competitive balance on the Internet. By enhancing GTEI's strength in the Internet market, the merger will ensure that customers continue to have a broad range of choices among Internet backbone providers.

9. The merger will achieve these substantial pro-competitive gains without risking any injury to competition. Currently, Bell Atlantic operates only as a local Internet Service Provider -- not an Internet backbone provider. This market is highly competitive; according to recent estimates published in *Boardwatch* magazine, between 4,000 and 6,000 other ISPs operate in the United States. The merger will therefore have no impact on competition in the ISP market. It will, however, allow the combined company to achieve major efficiencies in the markets for Internet and data services -- efficiencies that will translate into lower prices and new services for business and consumer customers across the United States.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

John T. Curran

Declaration of Doreen Toben

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
GTE CORPORATION, Transferor,	)	File No.
and	)	
Bell Atlantic Corporation, Transferee.	)	
For Consent to Tranfer of Control	)	

DECLARATION OF DOREEN TOBEN

1. I am Vice President and Controller of Bell Atlantic Corporation. I am responsible for planning and achieving financial synergies from the proposed merger with GTE. In addition, I am responsible for achieving financial synergies from the 1997 merger between Bell Atlantic and NYNEX, and I also can attest to financial synergies that have been achieved from the 1995 merger between Bell Atlantic Mobile and NYNEX Mobile.

2. The merger of Bell Atlantic and GTE will produce substantial cost savings and revenue improvements that are hard, real, and certain. I have advised Bell Atlantic's Board of Directors that we will achieve the following financial efficiencies: Three years from the closing of the merger the new company will achieve, on a continuing basis, $2.0 billion of annual expense savings and $0.5 billion of annual capital expenditure savings. (These are savings beyond any that Bell Atlantic and GTE would have realized separately.) In addition, three years from the closing of the merger the new company will achieve, on a continuing annual basis, $2.0 billion more revenues than the companies would achieve separately. Offset against these financial efficiencies will be transition costs of integrating the two companies in an amount not

yet determined.

3. The cost reductions will come from eliminating duplicative staff and information and operation systems, more efficiently using long-distance capacity, and reducing procurement costs. The revenue enhancements will come from the spreading of operational best practices and penetration of vertical services like second lines; improving the value and speeding the widespread deployment of long-distance offerings; and creating better and more widely distributed data services.

4. The $2.5 billion cost savings and $2.0 revenue improvements are real budget commitments that department heads must meet or exceed. Bell Atlantic and GTE have publicly committed to Wall Street analysts and their investors that they will achieve these financial efficiencies. Accordingly, officers responsible for particular lines of business within the company will be committing themselves, and their compensation, to achieving these objectives.

5. These financial efficiencies will allow the new company to meet its commitments to improve service quality, accelerate new services, and build out CLEC businesses in Los Angeles, San Francisco, San Diego, Dallas, Houston, Austin, San Antonio, Chicago, Cleveland, Cincinnati, Indianapolis, Detroit, Miami, Orlando, Jacksonville, Raleigh, Nashville, Memphis, Louisville, Seattle, and Portland. The public interest is indisputably advanced by the use of fewer economic resources to produce the same services, let alone by the combination of complementary resources to produce improved services and to enable new or stronger market entry.

6. My confidence in the certainty of the projected efficiencies is strengthened and validated by the cost savings that Bell Atlantic previously achieved through the merger of its wireless business with NYNEX Mobile, and through Bell Atlantic's subsequent full merger with

NYNEX. Bell Atlantic's mobile business achieved actual operating and capital expenditure savings that exceeded pre-merger estimates by 23% in 1995 and by more than 20% in 1996, and its per-subscriber costs have dropped steadily since the merger and at a significantly faster rate of improvement than before the merger. Bell Atlantic Mobile has also realized a greater increase in the rate of subscribership growth, increased reinvestment in the business, lower customer acquisition costs and lower churn rates than either wireless company was able to achieve on its own

7. Still more recently, the experience with the Bell Atlantic-NYNEX merger has reconfirmed that these merger efficiencies are real. The very substantial cost savings estimated at the time of the Bell Atlantic-NYNEX merger were subsequently increased and the increased targets are being achieved. For 1998, we projected an increased expense savings of $450 million, and we are achieving those savings. By 2000, we projected annual expense savings of $1.1 billion; we are on track to achieve those savings. In addition, for 1998 and beyond, we projected annual capital savings of $300 million; we are achieving those savings as well.

I declare under penalty of perjury that the foregoing is true and correct. Executed on September 30, 1998.

Doreen Toben

Doreen Toben

Declaration of Hugh Stallard

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC

In the matter of	)	
	)	
GTE CORPORATION, Transferor,	))	File No.
	)	
and	)	
	)	
BELL ATLANTIC CORPORATION, Transferee.	))	
	)	
For Consent to Transfer of Control	)	

Declaration of Hubert R. Stallard

1. My name is Hubert R. Stallard. I am president and chief executive officer of Bell Atlantic - Virginia, Inc. ("Bell Atlantic"), with oversight of the company's external affairs, regulatory and financial matters. I have held this position since 1985.

2. My job duties include monitoring and responding to growing competition to Bell Atlantic's local exchange operations in Virginia, as well as being aware of any opportunities presented to Bell Atlantic that might include the offering of local exchange service in GTE's Virginia territories.

Bell Atlantic and GTE Operations in Virginia

3. Both Bell Atlantic and GTE are franchised incumbent local exchange carriers in Virginia that operate in separate, non-overlapping local service areas. Bell Atlantic mainly serves the concentrated urban areas of the state, including Richmond,

most of Northern Virginia, and most of Hampton Roads. GTE mainly serves smaller low density and non-urban pockets.

4. As a general matter, Bell Atlantic and GTE do not compete today providing local service in one another's local service areas. Bell Atlantic is not providing, and has no plans to provide, a general competitive service offering in GTE's local service areas. GTE had requested certification to provide local service in areas served by Bell Atlantic and had signed a form interconnection agreement, but withdrew the certification application yesterday. To my knowledge, GTE never provided competing local service, purchased any services for resale or any unbundled network elements, or interconnected with Bell Atlantic or exchanged any traffic as a CLEC.

Potential or Actual Competition with GTE

5. Bell Atlantic has not entered and has no plans to enter GTE's service areas with a general local service offering. Bell Atlantic is not certified to provide local service in GTE's service areas and has not signed any interconnection agreements with other incumbent local telephone companies in their territory. Indeed I am aware of no analysis undertaken since 1996 by Bell Atlantic of the merits of establishing a competing local exchange operation in GTE's Virginia territory. Since the NYNEX merger, no group or person within Bell Atlantic has had the mandate of undertaking such an analysis.

6. Prior to January 1996, the language of the draft Telecommunications Act defined "out of region" territory as any area not actually served by a BOC. As a result, Bell Atlantic believed it would be able to offer long distance service in non-Bell Atlantic territories in Virginia the instant the Act passed. During this period, Bell Atlantic

considered offering long distance service in these in-region "out of region" territories, in part to obtain experience offering long distance service before receiving approval to provide long distance to customers in its own local service areas.

7. As part of this effort, Bell Atlantic did analyze the possibility of establishing – as an adjunct to its anticipated launch of long distance service in these areas – CLEC operations in GTE's Virginia territory during this time period. Some limited preliminary analysis of an in-region Virginia CLEC opportunity had been undertaken by my staff in the 1995 time frame, and a more comprehensive analysis was started in November 1995.

8. The final language of the Act, however, defined all of Virginia, including GTE's territories, as "in-region" and therefore outside the area in which we could provide long distance service. As a result of this change, Bell Atlantic was forced to launch its out of region long distance service elsewhere, and the accompanying in-region CLEC research therefore became inapplicable.

<u>GTE's Virginia Territories Would Not Be Priorities for CLEC Activity</u>

9. I am aware of no analysis conducted since 1996 within Bell Atlantic on the feasibility of establishing CLEC operations in GTE territory. Moreover, there simply would be no compelling reasons for Bell Atlantic now to enter GTE's territory on a significant scale in the foreseeable future, and several factors weigh against such entry.

10. <u>First</u>, the actual experience of offering long distance service out-of-region has been far below expectations. Bell Atlantic's disappointing results selling long distance service in the adjacent state of North Carolina have deflated prior rosy corporate